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No. 14-1538

IN THE

Supreme Court of the United States

LIFE TECHNOLOGIES CORPORATION, ET AL.,

Petitioners,

—v.—

PROMEGA CORPORATION,

Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF *AMICUS CURIAE* OF PROFESSOR TIMOTHY R. HOLBROOK IN SUPPORT OF PETITIONERS

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INTEREST OF THE *AMICUS CURIAE*[1]

Amicus Timothy R. Holbrook is a law professor who specializes in patent law. He has particular interest in the extraterritorial application of U.S. patent law, having authored five law review articles and three amicus briefs dealing with the issue. Amicus has no personal stake in the outcome of this case but has an interest in seeing that the patent laws develop in a way that promotes rather than impedes innovation.

SUMMARY OF THE ARGUMENT

This Court has made clear that, absent a clear expression from Congress, U.S. laws do not apply extraterritorially. The Court has noted that the presumption against extraterritoriality has particular force in the context of patent law. The Federal Circuit has given short shrift to this

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[1] Pursuant to Supreme Court Rule 37.6, *amicus curiae* affirms that no counsel for a party authored this brief in whole or in part, that no counsel or a party made a monetary contribution intended to the preparation or submission of this brief and no person other than *amicus curiae*, their members, or their counsels made a monetary contribution to its preparation or submission.

Pursuant to Supreme Court Rule 37.2, amicus provided notice to respondents of the intent to file this brief on July 15, 2015, at least ten days prior to the deadline for filing this brief. Respondent consented in writing to the filing of this brief, which is being filed with this brief. Petitioners filed blanket consent to the filing of amicus briefs, which is on file with the clerk.

argument. This case presents the opportunity for the Court to strike the appropriate extraterritorial reach for a U.S. patent under 35 U.S.C. § 271(f) and to signal to the Federal Circuit to take the presumption against extraterritoriality seriously.

ARGUMENT

I. THE SUPREME COURT HAS CREATED A STRONG PRESUMPTION AGAINST THE EXTRATERRITORIAL APPLICATION OF UNITED STATES LAW, AND PARTICULARLY UNITED STATES PATENT LAW

The Supreme Court has established that there is a strong presumption against the extraterritorial application of U.S. law. *See, e.g., Kiobel v. Royal Dutch Petroleum Co.*, 133 S. Ct. 1659 (2013) (relying on presumption to decline to extend reach of Alien Tort Statute); *Morrison v. Nat'l Australia Bank Ltd.*, 561 U.S. 247 (2010) (relying on presumption to decline application of United States securities law to foreign conduct); *E.E.O.C. v. Arabian Am. Oil Co.*, 499 U.S. 244 (1991) (using presumption to decline application of Title VII to employment practices of US employers employing US citizens abroad). Although Congress undisputedly has the authority to regulate acts outside of the territorial boundaries of the United States, the Court has recognized that "legislation of Congress, unless a contrary intent appears, is meant to apply only within the territorial

jurisdiction of the United States." *Foley Bros. v. Filardo*, 336 U.S. 281, 285 (1949).

As this Court has noted, "[w]hen a statute gives no clear indication of an extraterritorial application, it has none." *Morrison v. Nat'l Australia Bank Ltd.*, 561 U.S. 247, 248 (2010). While falling short of a "clear statement rule," *see id.* at 265, *Morrison* emphasized the importance and power of the rule: "the presumption against extraterritorial application would be a craven watchdog indeed if it retreated to its kennel whenever some domestic activity is involved in the case." *Id.* at 266; *see also* Timothy R. Holbrook, *Should Foreign Patent Law Matter?*, 34 CAMPBELL L. REV. 581, 601-07 (2012) (discussing implications of *Morrison* for patent law).

This watchdog has particular bite in the context of patent law. *See Microsoft Corp. v. AT&T Corp.*, 550 U.S. 427, 454-55 (2007) ("The presumption that United States law governs domestically but does not rule the world applies with particular force in patent law."). Indeed, as far back as 1856, this Court rejected the extraterritorial reach of a patent: "The power thus granted is domestic in its character, and necessarily confined within the limits of the United States." *Brown v. Duchesne*, 60 U.S. 183, 195 (1856) (holding U.S. patent rights do not extend to invention on foreign vessel in U.S. port).

More recently, the Court again rejected a party's attempt to use its patent to control extraterritorial activity. In *Deepsouth Packing Co. v. Laitram Corp.*, the Supreme Court concluded that the manufacture of all components of a patented

invention in the United States, that subsequently was assembled abroad, did not constitute infringement of a U.S. patent. 406 U.S. 518, 529 (1972). The Court emphasized that "[o]ur patent system makes no claim to extraterritorial effect." *Id.* at 531. Without a clear statement from Congress that the statute was meant to apply to activity outside of the territorial limits of the United States, the Supreme Court refused to grant the statute such an expansive scope.

Although Congress provided the "clear and certain" signal, abrogating *Deepsouth* in part by adopting 35 U.S.C. § 271(f) in 1984, the Supreme Court relied on the presumption against extraterritoriality to narrowly construe that provision. In *Microsoft Corp. v. AT&T Corp.*, the Court held (1) that only computer software, not software in the abstract, could constitute a "component" under § 271(f), 550 U.S. 437, 449-50 (2007), and (2) that such components were not "supplied" under § 271(f) when copies of the software were made outside of the United States. *Id.* at 452-54. To support its interpretation, the Court specifically noted that "[a]ny doubt that Microsoft's conduct falls outside § 271(f)'s compass would be resolved by the presumption against extraterritoriality." *Id.* at 454. Notwithstanding that Congress explicitly abrogated *Deepsouth* to afford some extraterritorial protection to U.S. patent holders, the Court rejected AT&T's argument that the presumption was inapplicable and used the presumption to construe § 271(f) narrowly. *Id.* at 454-56. *See generally* Timothy R. Holbrook,

Extraterritoriality in U.S. Patent Law, 49 WM. & MARY L. REV. 2119, 2135-36 (2008) (discussing importance of the use of the presumption in *Microsoft*).

II. THE FEDERAL CIRCUIT CONSISTENTLY FAILS TO CONSIDER THE PRESUMPTION AGAINST EXTRATERRITORIALITY IN INTERPRETING THE PATENT LAWS.

Notwithstanding the clear message from the Supreme Court regarding the presumption against the extraterritorial application of U.S. law – and patent law in particular – the Federal Circuit has consistently failed to give the presumption its due weight. This case is but one of many that exemplifies this failure, and thus it provides an vehicle for the Court to correct the Federal Circuit's course.

A. In Various Other Cases, the Federal Circuit Has Given the Presumption Against Extraterritoriality Short Shrift.

Notwithstanding the Court's clear statement that the presumption against the extraterritorial application of United States law has "particular force" in patent law, *Microsoft*, 550 U.S. at 455, the Federal Circuit's application of the presumption has been, at best, inconsistent. *See generally* Holbrook, *Extraterritoriality*, *supra* at 2136-54. Generally, the court has been willing to afford extraterritorial

protection to U.S. patent holders while rarely affording the presumption much weight.

For example, in *Transocean Offshore Deepwater Drilling, Inc. v. Maersk Contractors USA, Inc.*, 617 F.3d 1296 (Fed. Cir. 2010), the Federal Circuit held that there was an infringing offer to sell an invention if the sale contemplated in the offer was to be in the United States, even though all negotiations took place outside of the United States. *Id.* at 1309. As a result of this holding, a party can be liable for patent infringement in the United States notwithstanding that there has never been any activity within the United States. Timothy R. Holbrook, *Territoriality and Tangibility After* Transocean, 61 EMORY L.J. 1087, 1112 (2011). While the Federal Circuit acknowledged the presumption, it failed to account for the broad extraterritorial reach its decision afforded to United States patents. When Maersk filed a petition for a writ of certiorari, the Supreme Court asked for the Solicitor General's views on the case, but the case ultimately settled.[2]

The Federal Circuit similarly has afforded extraterritorial protection for the use of systems that straddle national borders. In *NTP, Inc. v. Research in Motion, Ltd.*, 418 F.3d 1282 (Fed. Cir. 2005), the court found infringement of a mobile email system

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[2] Subsequently, the Federal Circuit has held that there is no infringement when the offer takes place in the United States but the contemplated sale is to occur outside of the United States. *See* Halo Elecs., Inc. v. Pulse Elecs., Inc., 769 F.3d 1371, 1381 (Fed. Cir. 2014).

where part of the system – the relay – was located in Canada. *Id.* at 1317. The court concluded that, while part of the system was outside of the United States, the use of the system was within the United States because the users controlled the devices and obtained the benefit of the system – receipt of email – in the United States. *Id.* at 1316-17. At no point did the court mention the presumption against extraterritoriality in affording this protection.

Finally, in interpreting the provision at issue in this case, 35 U.S.C. §271(f), the Federal Circuit generally has been expansive in its interpretation. For example, the Federal Circuit has held that there is infringement under § 271(f) even if the device is never assembled outside of the United States. *Waymark Corp. v. Porta Systems Corp.*, 245 F.3d 1364, 1368 (Fed. Cir. 2001). This interpretation expands the scope of this provision by ensnaring conduct abroad regardless of whether the device has been assembled. Oddly the Federal Circuit suggested this interpretation avoided the appearance of providing extraterritorial reach to United States, *id.*, yet the court's decision actually expanded such reach.

The Federal Circuit also held that a "component" under § 271(f) could be an intangible item such as software, *Eolas Techs. Inc. v. Microsoft Corp.*, 399 F.3d 1325, 1339 (Fed. Cir. 2005) and that supplying the component included software replicated abroad from a master version, *AT&T Corp. v. Microsoft Corp.*, 414 F.3d 1366, 1370 (Fed. Cir. 2005), *rev'd Microsoft Corp. v. AT&T Corp.*, 550

U.S. 437 (2007). The Supreme Court rejected in part these expansive interpretations of the statute in *Microsoft Corp. v. AT&T Corp.*, *see* 550 U.S. at 451-54, but these cases again show that the Federal Circuit consistently provides § 271(f) an expansive interpretation while failing to give proper account of the presumption against extraterritoriality.[3]

B. In This Case, the Federal Circuit Failed to Consider the Presumption in Affording § 271(f) an Expansive Interpretation.

The Federal Circuit has a penchant for providing extraterritorial protection for U.S. patent holders without giving appropriate consideration to the presumption against such reach, particularly in patent law. This case is consistent with the Federal Circuit's failure to take the presumption seriously.

Here, the Federal Circuit majority never even mentioned the presumption, let alone assessed

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[3] The Federal Circuit has provided a narrow interpretation of §271(f), concluding it does not apply to patented methods or processes. *See Cardiac Pacemakers, Inc. v. St. Jude Medical, Inc.*, 576 F.3d 1348, 1359 (Fed. Cir. 2009) (en banc in relevant part). The Federal Circuit in *Cardiac Pacemaker* did rely on the presumption to afford § 271(f) a narrow interpretation. *See id.* at 1365 ("Any ambiguity as to Congress's intent in enacting Section 271(f) is further resolved by the presumption against extraterritoriality.").

whether it had been rebutted.[4] There is not a single citation to *Morrison* or *Kiobel*, the Supreme Court's most recent cases discussing the presumption.

Unsurprisingly, both of the interpretations of § 271(f) provided by the Federal Circuit in this case expand its extraterritorial reach. By holding that an entity can induce itself to assemble the components abroad, *Promega Corp. v. Life Techs. Corp.*, 773 F.3d 1338, 1351 (Fed. Cir. 2014), the court expanded the set of actors who can now be liable under this provision. Aside from whether this is a proper interpretation of the meaning of "induce" – particularly in contrast to the inducement provision found in 35 U.S.C. § 271(b) – the court's interpretation creates greater extraterritorial reach for the statute. Limiting the provision to inducement of third party activities necessarily eliminates some parties – such as Life Tech – who send materials overseas to themselves from the scope of § 271(f), lessening its extraterritorial impact. Yet the Federal Circuit never considered the presumption in offering this interpretation of the statute. The Federal Circuit's failure to consider the presumption thus commends itself to Supreme Court review.

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[4] In her dissent, Chief Judge Prost noted that "the Supreme Court has cautioned against employing a policy-oriented approach to judicial decision making when it would cause law to have extraterritorial application," thus alluding to the presumption. *Promega Corp. v. Life Techs. Corp.*, 773 F.3d 1338, 1360 (Fed. Cir. 2014) 1360 (Prost, C.J., dissenting-in-part).

Similarly, the Federal Circuit's interpretation of "all or a substantial portion of the components of a patented invention" to include a *single* component, *see Promega*, 773 F.3d at 1353, dramatically expands the extraterritorial reach of § 271(f). As the provision most directly related to *Deepsouth*, it is clear that § 271(f) is meant to deal with multiple components being shipped abroad, and the "substantial portion" was to combat potential gaming of the statutory regime by sending *nearly* all of the components. In that context, the extraterritorial scope is fairly circumscribed and limited to address the situation in *Deepsouth*. The Federal Circuit's interpretation disrupts such proportionality.

Moreover, the court's interpretation renders § 271(f)(2) superfluous. That provision explicitly addresses the exportation of a single component that is to be combined abroad in a device that would be infringing if in the United States. Importantly, Congress recognized the potential broad scope of such a provision and carefully limited it to components that have no substantial non-infringing use. Section 271(f)(1) in contrast has no such safe harbor. As such, the Federal Circuit's interpretation not only swallows § 271(f)(2) but also removes its important limitations. The court again interpreted this statute in an expansive way without reference to the presumption against extraterritoriality.

The result of both of these interpretations is to create broader extraterritorial reach for § 271(f)(1). The Federal Circuit's failure to mention, let alone

engage with, the presumption against extraterritoriality merits review in this case, particularly given the Federal Circuit's penchant for failing to give the presumption appropriate weight.

CONCLUSION

The Supreme Court has emphasized the importance of the presumption against the application of United States laws extraterritorially, a presumption that the Federal Circuit ignored in this case and generally fails to consider consistently and appropriately. As such, this case is an appropriate vehicle for the Supreme Court to emphasize the importance of the presumption, particularly in the area of patent law.

Respectfully submitted,

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